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du Canada**

CURAC/ARUCC Health Care Policy Committee
Position Paper on Pharmacare
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On June 8, provincial and territorial ministers of health met in Toronto to call for a national Pharmacare plan, one of many such calls to improve access to drugs needed by all Canadians, not just seniors. Of course, seniors who often have more than one chronic illness would benefit from such a plan, particularly those on low income. A universal Pharmacare program would include drugs as part of the publicly funded health care system and eliminate the patchwork of coverage under provincial plans.

Why do we need a national plan for prescribed medications?

1. Most of prescription drug costs are not covered by a public plan, unlike 90% of hospital costs and 99% of medical costs (Morgan, Daw and Law, 2013). The cost of drugs is a major source of insecurity for an aging population.
2. As a developed country, we fall far behind other OECD countries where 20 of 33 OECD countries provide a public drug plan that covers their populations while another 10 cover up to 80%. For example France, the United Kingdom, Sweden, Australia and New Zealand have a public plan. Canada, like Mexico and the US, provides public coverage to less than half the population (CURC, 2014) under our patchwork system of different provincial plans. As suggested by Morgan, Daw and Law's 2013 C.D. Howe study, integration of pharmacare with hospital and medical care would provide better health outcomes thus potentially saving health care dollars.
3. Population aging and other demands on health care dollars are putting pressure on our current systems both public and private as provinces scale back public drug benefits for seniors while fewer employers offer retirement health benefits to new employees. Clarke and Durant's study (2012) suggests the percentage of Canadian employers offering these benefits has fallen from 62% in 2002 to 49% in 2011.

While government funds 42% of spending on drugs, 58% is funded by individuals or private insurance. A recent poll found that 23% of Canadians were unable to afford a drug prescribed by their doctor and this percentage increased to 49% for those with incomes of \$20,000 or less (CURC 2014).

4. Drug prices in Canada are very high. New drug prices are set by the Patented Medicine Prices Review Board which averages prices from other countries (regardless of actual costs) to determine the Canadian price for patented drugs. In addition generic drug prices are also higher. Despite the provincial Pan-Canadian Pricing Alliance which has reduced some drug prices, increases in costs are often passed on to individuals and work-based plans.

Canadians also face significant dispensing fees at pharmacies, depending on province and plan. According to a joint CCPA/CMA study, Canadians pay about 30% more than the OECD average for drugs. (2014) Canadian Blood Services have negotiated savings through pan-Canadian buying power for plasma-derived drugs, and offer proof that provinces and territories can do more together than they can do on their own (*National Post*, 2015).

5. Drug safety tests and research trials are partly funded by pharmaceutical companies, a practice criticized by the Canadian Medical Association. In addition, Health Canada testing through its Therapeutics Product Directorate does not necessarily consider cost effectiveness when approving a drug (CURC 2014). Post-market surveillance of the safety and efficacy of prescription drugs is currently inadequate.

So what needs to be done?

1. We need a national Pharmacare program that is truly National with sufficient funds from the Federal Government to assist provinces in paying for a significant portion of the costs. A March 2015 study concluded that employers and unions would save \$8.2 billion under universal public drug coverage with a comparatively small increase to government (Morgan, Daw, Law and Martin, 2015).
2. We need a national plan for drug purchasing that includes bulk buying of necessary drugs under a competitive tendering system at the national level. According to the CCPA/CMA study, bringing prices down to the OECD level could save \$9.6 billion a year. Provincial and territorial ministers recently estimated savings of \$11 billion with bulk buying (*Globe and Mail*, June 8, 2015).
3. Such a system should include a single-payer, publicly managed system to save administration costs (estimated to be 3.2% of public spending on health care in 2009 while private insurance costs were 15.1% of spending through the private insurance system (CIHI 2012).
4. We need an independent system for drug approval and access to drug company research as well as to independent researchers' findings.
5. We need to ensure equal access for all Canadians no matter where they live or how much money they have.

Pharmacare is not a new idea—it was recommended by the Royal Commission on Health Services (1964) and the National Forum on Health (1997). In 2004 the provinces proposed that the Federal Government assume responsibility for a national Pharmacare program but Ottawa rejected the proposal. Isn't it time for Canada to catch up to the rest of the world?

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